

# Judge rules for transparency at Leisure World

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**SANTA ANA** • The 9,000 residents of a Seal Beach retirement community are legally entitled to see financial records and other documents belonging to the management company that runs their gated complex, an Orange County civil court judge affirmed Monday.

The ruling by Superior Court Judge Ronald Bauer comes after an initial December ruling in favor of seven Leisure World residents who filed a series of lawsuits against their management company, Golden Rain Foundation, over access to detailed information on how residents' money is spent.

In his final decision, Bauer rejected an 11th-hour appeal by Golden Rain attorneys to reverse the initial ruling. Golden Rain attorneys had argued

that Leisure World was not a homeowners association and therefore should not be bound by state laws governing access to records.

"You have been mightily resisting their point of view," the judge said in court to Golden Rain's attorneys. "What is the reason?"

The reason, Golden Rain attorneys argued, was that the ruling would have a big impact on how business was conducted inside Leisure World. As a homeowners association, Golden Rain must comply with all state laws governing the operation of homeowners' associations, including open meetings, independently monitored board elections, audit reports, and disclosures of financial expenditures.

Many of these policies were routinely not followed, residents said, but they had no legal recourse to force their management company to com-

ply.

With the judge's declaration that Golden Rain is, in fact, a homeowners association, the residents say the law is on their side.

"This ruling shows that homeowners everywhere can fight the system and win," said attorney Steve Rice, who represented the Leisure World residents.

Golden Rain attorneys declined to comment after the ruling.

Although the case is viewed by some as a David vs. Goliath

battle, not everyone in Leisure World says the seven residents' intentions are noble.

"They are after attention," said Golden Rain Foundation board member Darlene Dortch, a 10-year resident of Leisure World. "When I was president of Mutual Two (a subdivision of Leisure World), it was the same group that was giving us trouble."

The victorious Leisure World residents see themselves as concerned citizens seeking independent oversight and accountability for their

management company.

Since 2003, they have filed several small-claims lawsuits against Golden Rain to gain access to accounting ledgers, income tax filings and office phone bills, among other documents. But in 2004, Golden Rain filed a countersuit against the residents in civil court seeking to block future small-claims lawsuits concerning records access. That case dragged on for nearly three years and appears to have ended with Monday's ruling.

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### What's next

Leisure World residents are still involved in three small-claims lawsuits to gain access to specific documents their management company has not provided.

Monday's ruling, which declared that the Golden Rain Foundation was a homeowners association and thus legally obligated to open up its record books, could pave the way for favorable rulings for the residents in the small-claims cases.

The next court hearing is set for June 4.